



# OCC ADVISORY LETTER

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Comptroller of the Currency  
Administrator of National Banks

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Subject: Year 2000 Q&A Guidance

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**TO:** Chief Executive Officers of National Banks, Federal Branches, Service Providers,  
Software Vendors, Department and Division Heads, and Examining Personnel

This advisory is to alert you to the recent release of FFIEC guidance, "Questions and Answers Concerning Year 2000 Contingency Planning." The guidance responds to frequently asked questions from financial institutions concerning Year 2000 contingency planning. The questions and answers focus primarily on Year 2000 business resumption contingency planning. The guidance states that each financial institution is expected to have an effective business resumption contingency plan in the event of a Year 2000 disruption. Such a plan will help an institution to resume operations in an orderly way and to avoid any panic and confusion that may accompany a Year 2000 disruption. The Year 2000 business resumption contingency plan also should establish management controls to minimize risks and losses. Financial institutions can augment existing business resumption and disaster recovery plans or develop supplemental Year 2000 business resumption contingency plans to capture Year 2000-related risks.

The FFIEC Q&A document establishes a target date of June 30, 1999, to substantially complete all Year 2000 business resumption contingency planning. In a September 14, 1998, letter to chief executive officers of national banks, Acting Comptroller Julie Williams stated that the OCC expects financial institutions to have completed the first phase (develop planning guidelines) and to have started the second phase (business impact analysis) by September 30. That letter also stated that national banks are expected to be well underway in completing the third and fourth phases (formulating and validating Year 2000 business resumption contingency planning) by December 31, 1998. The OCC will continue to monitor financial institutions' progress in developing and validating Year 2000 business resumption contingency plans during upcoming Year 2000 examinations and will assess whether financial institutions are on target to meet the June 30, 1999, completion date.

In developing Year 2000 business resumption contingency plans, the FFIEC Q&A document states that financial institutions should:

- Seek ways to educate customers about the Year 2000 problem and explain what financial institutions are doing about the problem in order to minimize unwarranted public alarm;
- Consider the cash demands of a financial institution's customers;
- Anticipate funding needs in late 1999 and early 2000; and

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- Train financial institution employees to ensure that they are prepared to implement Year 2000 business resumption contingency plans.

The FFIEC guidance is available on the OCC's homepage at [www.occ.treas.gov](http://www.occ.treas.gov). For more information on Year 2000 issues, contact the Year 2000 Supervision Policy Division at (202) 874-2340.

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Emory W. Rushton  
Senior Deputy Comptroller, Bank Supervision Policy

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Date: December 11, 1998